

July 11, 2005

Ms. Mary L. Cottrell
Secretary
Dept. of Telecommunications & Energy
One South Station
Boston, MA 02110

Re: Docket No. DTE 05-10 - 2004 TC Reconciliation Filing

Dear Ms. Cottrell:

This letter provides the response to requests for the information listed below.

Response to AG-03 Interrogatories dated 06/24/2005
AG3 - 001 , 002 , 003 , 004 , 005 , 006 , 007 , 008 , 009

Very truly yours,

Stephen Klionsky

SK/tms
cc: Service List

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-001
Page 1 of 1

Witness: Robert A. Baumann
Request from: Attorney General

Question:

Referring to the response to AG-02-04, page 2, please explain what the SOS delivery efficiency factor represents.

Response:

A Delivery Efficiency Factor (DE) is derived by dividing Billed kWh sales for a particular time period by the kWh Load for the same period. The SOS and DS supply Agreements specify a DE in the payment formula that is not to be changed for the term of the Agreement. As such, if the actual DE for the term of the Agreement is different than the DE assumed in the supply Agreements, then there is risk of over or under recovery of the SOS/DS costs. As an example, if the actual DE for the term is larger than the fixed DE in the Agreement, then the actual system is "more efficient" for the period, which would increase billed sales revenues and thus would produce over recoveries. A lower actual DE would mean less efficiency in actual which would decrease billed sales revenues and thus would produce under recoveries.

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-002
Page 1 of 1

Witness: Robert A. Baumann
Request from: Attorney General

Question:

Referring to the response to AG-02-004, page 2, please explain why an adjustment for the SOS delivery efficiency factor is necessary if the SOS supply contracts specify prices for delivery at the retail meter.

Response:

The SOS Agreements specify delivery at the PTF, not the retail meter. However, the prices set in the Agreements are equivalent to prices at the retail meters as the formula for paying Suppliers is $(\text{Load}) \times (\text{DE}) \times (\text{Price})$. There is no adjustment to the DE as noted in the question. However, as noted in response to Q-AG-3-001, any variation between the Agreement DE and actual DE will produce a variance in the sales levels (actual versus anticipated in the Agreements) and thus a variance in the overall recoveries (over or under).

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-003
Page 1 of 2

Witness: Robert A. Baumann
Request from: Attorney General

Question:

Referring to the response to AG-02-004, page 2 and AG-02-05, page 2, please provide similar reconciliations for 2001 and 2004.

Response:

See page 2 for the 2004 reconciliation. The Company did not previously prepare a 2001 reconciliation, and does not believe it is necessary to provide one since the 2001 cost year has already been reviewed and approved by the Department in D.T.E. 03-34.

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-004
Page 1 of 4

Witness: Robert A. Baumann
Request from: Attorney General

Question:

Referring to the response to AG-02-004, page 2 and AG-02-05, page 2, please provide similar reconciliations for the years 2001 through 2004 for default service.

Response:

See pages 2, 3 and 4 for the 2002, 2003 and 2004 reconciliations. The Company did not previously prepare a 2001 reconciliation, and does not believe it is necessary to provide one since the 2001 cost year has already been reviewed and approved by the Department in D.T.E. 03-34.

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-005
Page 1 of 1

Witness: Robert A. Baumann
Request from: Attorney General

Question:

Referring to the response to AG-02-04, page 2, please explain what the load migration payment paid to supplier in 2002 related to the 2001 SOS contract represents.

Response:

The Wholesale Sales Agreement (Agreement) with one of the SOS suppliers in 2001 contained Section 4.6 which called for certain payments to that supplier if the migration of large C&I customers in 2001 exceeded 2000 levels by more than 5%. Such migration was defined only as SOS load that left standard offer for a competitive supplier during the year. The 5% threshold was exceeded towards the end of the year and the migration payment was then calculated using final 2001 data and paid to the supplier in 2002. The 2001 Agreement cost was then included on the books of the Company when paid in 2002 and thus included in the SOS costs for 2002.

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-006
Page 1 of 1

Witness: Robert A. Baumann
Request from: Attorney General

Question:

Referring to the response to AG-02-04, page 2, please explain what the ISO-NE load adjustment true-ups represent.

Response:

The ISO-NE load adjustment true ups represent true ups to the daily load amounts that are metered and reported to the ISO-NE for settlement purposes. These true ups are part of the ISO-NE settlement process and may fall within the initial ninety (90) day true up process or they may fall outside of the ninety (90) day true up process. These adjustments are unknown at the end of a calendar year and are thus recorded and reported in the subsequent calendar year. Section 6.2 of the Wholesale Sales Agreements contains the contractual language associated with these adjustments and Appendix A of the Agreement contains the contractual language associated with the daily load amounts reported to ISO-NE as noted above.

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-007
Page 1 of 2

Witness: Robert A. Baumann; Michael J. Mahoney
Request from: Attorney General

Question:

Referring to the response to AG-02-023, page 3, please explain how the WMECO share of the RNS cost is determined from the RNS/S&D billed to NU. The response should include supporting calculations.

Response:

See page 2 for a reconciliation between the net RNS and S&D billed to NU by ISO-NE and WMECO's share of RNS and S&D expense for the sample month of January 2004 (ISO-NE billing month).

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-008
Page 1 of 1

Witness: Michael J. Mahoney; Robert A. Baumann
Request from: Attorney General

Question:

Referring to the response to AG-02-023, page 4, please explain how the WMECO share of the S&D cost is determined from the RNS/S&D billed to NU. The response should include supporting calculations.

Response:

Please refer to the response to Information Request AG-03, Q-AG3-007.

Western Massachusetts Electric Company
Docket No. DTE 05-10

Information Request AG-03
Dated: 06/24/2005
Q- AG3-009
Page 1 of 1

Witness: Michael J. Mahoney; Robert A. Baumann
Request from: Attorney General

Question:

Referring to the response to AG-02-023, page 6, please explain why the method of allocation to WMECO changed in March 2003.

Response:

Both the pre and post March 2003 cost allocation methods are based on peak network load. Prior to March 2003, the FERC approved NUG&T allocation methodology was used for allocating non-energy costs to WMECO. In March 2003, Northeast Utilities (NU) changed its method to use monthly RNS peak load which is the method ISO-NE uses to allocate costs to NU.